

**COMMONWEALTH OF VIRGINIA  
VIRGINIA EMPLOYMENT COMMISSION  
Workforce Investment Act (WIA)**

**Draft for Review and Comment**

<b>Policy Number</b>	<b>05-04</b>
<b>Effective Date:</b>	<b>July 1, 2005</b>
<b>Revision #</b>	
<b>Revision Date</b>	
<b>Title:</b>	<b>Use of WIA Local Formula Funds for Economic Development</b>

**References:** WIA § 117(d)(7)(8), 181(d)(2) & 189(i)(4); Code of Virginia, § 2.2-2670E. One Virginia: One Future-Virginia's Economic Development Strategic Plan-2002; Virginia 2005-07 WIA State Plan; and the U.S. Department of Labor's (DOL) Waiver letter to Governor Mark Warner dated August 3, 2005.

**Background:**

As specified in the WIA, local Workforce Investment Boards (WIBs) shall coordinate the workforce investment activities authorized under the WIA and carried out in the local area with economic development strategies and develop other employer linkages with such activities. Additionally, the WIB shall promote the participation of private sector employers in the statewide workforce investment system and ensure the local system meets employers hiring needs. In 2003, Governor Mark Warner led an effort to amend the Code of Virginia to require each WIB to submit an annual demand plan to the Virginia Workforce Council (VWC). This demand plan must reflect the local employers' needs and requirements and the availability of trained workers to meet those needs and requirements.

Governor Warner issued One Virginia: One Future in the fall of 2002, which is Virginia's 4-year strategic plan for economic development. One of the plan's goals is to provide effective workforce training programs to create and maintain a competitive 21<sup>st</sup> century workforce in Virginia. A strategy to meet this goal requires the alignment of WIA implementation activities with local and regional economic development goals as enabled by increased flexibility in the administration of the WIA. An additional strategy calls for the provision of WIA funds for incumbent worker training, particularly in industries with high layoff risks.

In the fall of 2004, the VWC launched a concerted effort at facilitating better understanding and collaboration between the WIBs and local and regional economic development entities. Videoconferences, regional meetings and introductory courses have been held around the state. As a result, it is increasingly clear that a more sustained and substantive effort is necessary to bridge the gap and forge the productive partnerships that are necessary to support regional economic development competitiveness in Virginia.

**Submit any comments by November 25, 2005 to [gail.robinson@vec.virginia.gov](mailto:gail.robinson@vec.virginia.gov)**

The recently approved waiver of the prohibition on use of WIA funds for economic development is a step in that direction and the waiver was endorsed by the VWC and implementation will be monitored by the VWC.

**Policy Statement:**

The Commonwealth of Virginia promotes WIA activities, which allow the Governor maximum flexibility in supporting statewide and local efforts to advance workforce and economic development collaboration in workforce system building. This also supports the VWC actions to facilitate and expand WIB and economic development alliances to create and maintain a competitive 21<sup>st</sup> century workforce in every region of the state. WIA funds will be used for economic development activities that have a direct tie to workforce development and human capital solutions.

WIBs may enter into economic development agreements with local, regional or state economic development entities that target need and respond to opportunity as evidenced in a local or regional plan or agreement. The workforce and economic development benefit should be clear for all parties. Specific emphasis should be placed on economic and workforce development activities that form sustained partnerships, are regional in nature, cross political jurisdictions and target or affect high growth or major industries in a region. Innovation and entrepreneurship are encouraged, as are workforce and economic development strategies that provide for career mobility for low-skilled adults. WIBs are encouraged to enter into agreements with community colleges and economic development or business entities to form “Bridges to Careers”, in this regard. Leveraging of other funding sources is also encouraged, but not required.

Examples of joint projects include:

- The development of robust analytical tools and metrics to help regions identify competitive advantages and workforce needs, formulate strategies and track progress towards goals.
- Regional approaches to job creation and clusters.
- Increasing construction job skills and home ownership or matching any jobs skills increase with demand occupations and clusters and/or small and medium business expansion.
- Growing existing business and jobs through innovative strategies with research efforts at Universities.
- Manufacturing technology “Bridge” program with an industry and a community college.
- Identifying skill requirements and developing industry competency models.
- Training of unemployed workers as part of innovative and entrepreneurial strategies in conjunction with business organizations or other entities.
- Leveraging of funds with the Economic Development Administration’s (U.S. Department of Commerce) new emphasis on targeting communities of greatest need.
- Bridging the divide between workforce and economic development policy and practitioners to fully benefit from innovation-based economic growth strategies.
- Request for WIA statewide 15% funds for a regional skills strategy for a workforce and economic development sustained joint effort.

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WIBs shall report semi-annually at the December and June meetings of the VWC on challenges and successes in supporting local and regional economic development activities in a report format provided by the VWC. The VWC will also invite the Department of Business Assistance and the Virginia Economic Development Partnership and other local and regional economic development entities to report on progress, in this regard.

**Prohibitions:**

The recent economic development waiver granted by DOL prohibits the use of WIA funds for activities such as infrastructure development or business financing.

The WIA provides that no WIA funds shall be used for customized or skill training, OJT or company-specific assessments of job applicants or employees, for any business or part of a business that has relocated, until the date that is 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business results in a loss of employment for any employee of such business at the original location and such original location is within the United States.

**Expiration Date:**

June 30, 2007.

**RECISIONS:**

**APPROVED:**

Marjorie M. Connelly, Chair  
*Virginia Workforce Council*

Dolores A. Esser, Commissioner  
*Virginia Employment Commission*

**DATE APPROVED:**